

April 15, 2019

Ms. Maribel Reyna, City Manager
City of Delano
1015 11th Avenue
P. O. Box 3010
Delano, CA 93216

Dear Ms. Reyna:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Delano Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 31, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 5 – Continuing Disclosure services in the requested amount of \$2,865 was erroneously requested in Administrative Redevelopment Property Tax Trust Fund (RPTTF) and has been reclassified to RPTTF.
- Item No. 6 – Continuing Disclosure services for the 2010 Lease Revenue Bonds in the amount of \$2,500 is partially allowed. Funding was erroneously requested in Administrative RPTTF and has been reclassified to RPTTF. Further, the Agency could only provide documentation to support \$1,035 in continuing disclosure costs. Therefore, \$1,465 of the \$2,500 requested is ineligible for RPTTF funding.
- Item Nos. 14 and 18 – Property Maintenance and Long-Range Property Management Plan (LRPMP) Implementation costs in the total amount of \$27,000 is not allowed. Funding in the amount of \$13,500 was erroneously requested in Administrative RPTTF and has been reclassified to RPTTF. The funding requested relates to a property that should have transferred to the City of Delano for future development pursuant to the LRPMP approved by Finance on June 18, 2014. It is our understanding the LRPMP included an option for the Agency to sell the property if Compensation Agreements could not be reached with the other taxing entities.

The Agency provided invoices from the 2015-16 fiscal period to support the costs; however, these invoices do not accurately reflect costs that would be required in the coming period. Further, without more current invoices to indicate the required maintenance, it is not evident if property maintenance costs were necessary. Therefore, the requested total amount of \$27,000 is not eligible for RPTTF. To the extent the Agency can provide documentation, such as recent vendor invoices, to support the requested amount, the item may be considered on a future ROPS.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,083,840 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

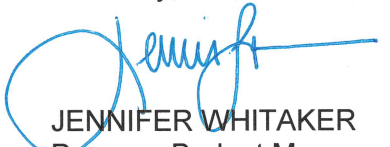
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Daisy Rose, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Rosa Rios, Finance Director, City of Delano
Ms. Mary B. Bedard, Auditor-Controller, Kern County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 2,282,078	\$ 656,053	\$ 2,938,131
Administrative RPTTF Requested	125,000	143,865	268,865
Total RPTTF Requested	2,407,078	799,918	3,206,996
RPTTF Requested	2,282,078	656,053	2,938,131
<u>Adjustments</u>			
Item No. 5	0	2,865	2,865
Item No. 6	0	1,035	1,035
Item No. 14	(5,000)	0	(5,000)
Item No. 18	(8,500)	0	(8,500)
	(13,500)	3,900	(9,600)
RPTTF Authorized	2,268,578	659,953	2,928,531
Administrative RPTTF Requested	125,000	143,865	268,865
<u>Adjustments</u>			
Item No. 5	0	(2,865)	(2,865)
Item No. 6	0	(2,500)	(2,500)
Item No. 14	0	(5,000)	(5,000)
Item No. 18	0	(8,500)	(8,500)
	0	(18,865)	(18,865)
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	2,393,578	784,953	3,178,531
Prior Period Adjustment	(94,691)	0	(94,691)
Total RPTTF Approved for Distribution	\$ 2,298,887	\$ 784,953	\$ 3,083,840